

1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE CONNECTICUT ECONOMY

The importance of small business to the state of Connecticut is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, Connecticut had 94,289 businesses with employees; 97.6 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 108,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 5.9 percent to \$8.7 billion in 1997, while wage-and-salary income rose 8.3 percent. The state also exported \$12.9 billion of goods in 1997. (In 1992, 82.6 percent of the exporters in the state were small businesses.)

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 103,500 women-owned businesses in Connecticut, including part-time firms, employing 250,300 people and generating \$38.4 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 56.2 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 40.7 percent from 1987 to 1992, totaling 5,714 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 101.4 percent during the same time period with 4,502 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 2,051 in 1987, to 3,485 in 1992, representing a 69.9 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms increased 1.8 percent, while new business incorporations decreased 18.2 percent. Financial difficulties leading to business bankruptcies decreased by 10.9 percent and business failures increased by 18.5 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in Connecticut decreased from 43 in 1994 to 29 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
MARITIME B&TC	Essex
BANK OF SOUTHTON	Southington
EQUITY BK	Wethersfield
LAFAYETTE AMER B&TC	Bridgeport

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created 38.3 percent of the net new jobs. The figures below indicate the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	43,236	7,589	(5,271)	30,186	121,969	197,710
Manufacturing	1,226	2,039	(2,064)	7,273	44,578	53,053
Retail Trade	8,858	(715)	(1,396)	(2,164)	(5,631)	(1,048)
Services	23,086	5,992	3,058	19,923	31,326	83,384
Other	10,065	273	(4,866)	5,155	51,697	62,322

Industries - Small firms in the state are represented in many industries. The Health Services industry is the largest small business employer in Connecticut, followed by Eating & Drinking Places. The fastest growing industry for small business is Holding & Other Investment Offices (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	1,411,477	100.0	52.8
Health Services	8000	168,562	11.9	49.6
Business Services	7300	87,798	6.2	54.0
Eating & Drinking Places	5800	76,838	5.4	72.5
Insurance Carriers	6300	63,910	4.5	5.5
Wholesale Trade - Durable Goods	5000	55,914	4.0	66.5

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	744,902	100.0	52.8
Health Services	8000	83,556	11.9	49.6
Eating & Drinking Places	5800	55,729	5.4	72.5
Business Services	7300	47,394	6.2	54.0
Wholesale Trade - Durable Goods	5000	37,206	4.0	66.5
Social Services	8300	32,658	2.6	90.5

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	744,902	20,503	2.8
Holding & Other Investment Offices	6700	2,353	642	27.3
Heavy Construction	1600	4,147	659	15.9
Miscellaneous Repair Services	7600	4,529	673	14.9
Meas., Anal., Cntr. Instr. & Photo., Med. & Opt.	3800	7,121	913	12.8
Rubber & Miscellaneous Plastics Products	3000	7,982	828	10.4

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation for Women Business Owners, and Cognetics, Inc.